



State of New Jersey
BOARD OF PUBLIC UTILITIES
TWO GATEWAY CENTER
NEWARK, NJ 07102

**IN THE MATTER OF THE APPLICATION OF)
THE BOROUGH OF BUTLER ELECTRIC)
UTILITY FOR AN ORDER APPROVING A)
LEVELIZED ENERGY ADJUSTMENT)
CLAUSE (LEAC) FOR APRIL 1, 2000 TO)
MARCH 31, 2001)**

ENERGY

**ORDER APPROVING
STIPULATION**

DOCKET NO. ER00020083

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated February 1, 2000, the Borough of Butler Electric Utility ("Butler") filed a petition with the Board of Public Utilities ("Board") to: (1) decrease its annual Levelized Energy Adjustment Clause ("LEAC") rate from negative \$.003947 per kilowatt-hour (kWh) to negative \$.004454 per kWh effective April 1, 2000; (2) continue the cap level of \$.0375 per kWh on quarterly adjustments to the LEAC rate; and (3) continue the implementation of the LEAC rates as authorized by Board Order dated April 23, 1987 in Docket No. ER8604390, and as approved by Board Order Adopting Stipulation, Docket No. ER92010082 dated April 2, 1992.

By Order dated April 23, 1987, Docket No. ER8604390, the Board authorized Butler to implement certain revisions in its annual LEAC. Those revisions included a provision that allowed Butler to adjust its LEAC rate on a quarterly basis so as to eliminate, or at least minimize, LEAC fuel balance over-recoveries and under-recoveries so long as the resulting LEAC rate does not exceed a cap of \$.0375 per kWh. Butler seeks a continuance of this cap and quarterly adjustment mechanism. Butler remains subject to a full annual LEAC proceeding, which it is required to file by February 1 of each year.

On April 14, 2000, the parties (Butler, the Division of the Ratepayer Advocate, and Board Staff) executed the attached Stipulation. The following are the salient features of the Stipulation:

1. The parties have agreed that the LEAC rate shall be negative \$0.004819 per kWh.
2. Interest on over-recoveries shall continue to be computed on an annual basis at the prevailing monthly New Jersey Cash Management Fund Interest Rate. Accrued interest from the previous LEAC year will be reflected in each annual filing.
3. Butler can continue to implement quarterly LEAC adjustment filings for rate adjustments subject to the cap level of \$0.0375 per kWh.
4. Until otherwise altered by the Board, the Petitioner shall have an annual LEAC proceeding that shall be filed February 1st of each year, to be effective as of April 1st of said year.
5. As directed in the Board's Order dated April 2, 1997, Docket No. ER96050374, Petitioner submitted to the Board and to the Ratepayer Advocate, updates of its schedules and financial material. Based upon their review of this data, Staff and the Ratepayer Advocate have determined that as of this time there is no need for Petitioner to file a base rate case.

DISCUSSION AND FINDINGS

The Board has reviewed the attached Stipulation and **FINDS** the Stipulation to be just and reasonable and in the public interest. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, incorporating by reference its terms and conditions into this Order, as though set forth at length herein. The Board therefore **APPROVES** the LEAC rate of negative \$0.004819 per kWh effective on and after May 1, 2000. Further, Petitioner is authorized to continue its quarterly LEAC adjustment mechanism as established by Board Order dated April 23, 1987 in Docket No. ER8604390 subject to the cap of \$0.0375 per kWh. Butler's LEAC costs remain subject to audit by the Board, and our approval of the Stipulation shall not preclude nor prohibit the Board from taking any actions deemed appropriate as a result of any such audit.

The Company has submitted proposed tariffs which conform to the terms and conditions of the Stipulation. The Board, having reviewed the tariff pages, **HEREBY FINDS** them to be consistent with the Stipulation. Accordingly, the Board **HEREBY ACCEPTS** said tariffs attached to the Stipulation, effective for service rendered on or after May 1, 2000.

The Board **HEREBY DIRECTS** Butler to continue to file monthly reports with all signatory parties as to the status of its LEAC over/under-recovery.

DATED: 4/27/00

**BOARD OF PUBLIC UTILITIES
BY:**

____SIGNED____
**HERBERT H. TATE
PRESIDENT**

____SIGNED____
**CARMEN J. ARMENTI
COMMISSIONER**

____SIGNED____
**FREDERICK F. BUTLER
COMMISSIONER**

ATTEST: ____SIGNED____

**EDWARD D. BESLOW
ACTING SECRETARY**